

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

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POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

**BRIEF OF COALITION OF RELIGIOUS PRESS
ASSOCIATIONS AND NATIONAL FEDERATION
OF INDEPENDENT PUBLICATIONS**

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STATEMENT OF POSITION

The National Federation of Independent Publications (NFIP) and the Coalition of Religious Press Associations (CRPA) have signed the Stipulation and Agreement in this case and support the settlement proposed by USPS and other parties.¹ This brief will highlight those parts of the record which provide substantial evidence for the continuation of a non-zoned (i.e., “flat”) editorial pound rate for Periodicals.

IDENTIFICATION OF INTERVENORS

The Coalition of Religious Press Associations and the National Federation of Independent Publications represent a broad cross-section of higher-editorial, smaller- volume periodicals. These publications generally have circulations of fewer than 20,000 copies per issue and editorial content in excess of 80%. As discussed in further detail below, the profile of both nonprofit and regular rate periodicals which comprise the Outside County Subclass of Periodical Mail is similar to the profile of CRPA-NFIP periodicals.

NFIP consists of several publishing associations. These include (1) the Independent Press Association (IPA), see, www.indypress.org, which represents nationally and regionally-distributed cultural, political, environmental, ethnic, regional and local alternative newspapers; (2) The Council of Literary Magazines and Presses (CLMP), see, www.clmp.org, which represents the nation’s literary and creative writing journals; (3) The National Newspaper Publishers Association, see, www.nnpa.org, which is composed of over 200 African-American

¹As set forth in Notice of the United States Postal Service Withdrawing Proposals and Submitting Revised Stipulation and Agreement (February 13, 2002).

newspapers which reach over 15 million readers per week; and (4) the National Association of Hispanic Publications, see, www.nahponline.org, an organization of 180 publications with a combined circulation of 10 million copies. Recently, the Independent Labor Communications Association also affiliated with NFIP. The ILCA consists of AFL-CIO member union newspapers throughout the United States.

The Coalition of Religious Press Associations has previously participated in many rate and classification cases before the Commission. Its membership spans the broad religious spectrum of faith-based communities. Its member associations include the American Jewish Press Association, the Associated Church Press, see, www.theacp.org, the Episcopal Communicators, the Evangelical Press Association, the Catholic Press Association, the Association of State Baptist Papers, the Seventh Day Adventist Publishers, and the United Methodist Association of Communicators.. Like NFIP member publications, CRPA members are very small in circulation size, tend to be lightweight (under four ounces per copy) and carry little if any advertising.

ARGUMENT

While intervenors supporting the Stipulation and Agreement, like NFIP and CRPA did not present direct testimony in this case, because they supported the filed settlement agreement, prior discovery filed by periodical publishers, including by NFIP-CRPA directed to several USPS witnesses, indicated different approaches and questions about Periodical rate design. Nevertheless, USPS' dire and current financial situation caused NFIP and CRPA to consider acceptance of rates which they otherwise would have opposed. At this time, USPS is the primary, and in some cases, the only way, small volume national, and even some state and

metropolitan area publications, can be delivered at all. Its viability should be a national priority.

The inclusion of a flat editorial pound rate in the filed settlement document is of critical importance to NFIP and CRPA, because the widespread dissemination of editorial content through the Postal Service is a priority of the vast majority of periodicals, which contain high percentages of editorial content, and little advertising. NFIP-CRPA have put aside for this case only their objections to the overall level of periodical rates which, as applied to the vast preponderance of periodicals, are far higher than the “average” 10.4% increase, and their objections to certain other rate design changes .

The continuation within the Periodical Class of the flat editorial pound rate design will result in practical benefit to nearly all periodicals, both nonprofit and regular rate. The editorial (nonadvertising) pound rate in schedule 421, accompanying the Stipulation and Agreement, results in a 1 cent per pound reduction from USPS-proposed rates, (from 20.3 cents per editorial pound to 19.3 cents per editorial pound) . As important, if not more important, the principle of a uniform rate for periodical editorial matter, regardless of distance, continues.

NFIP-CRPA rely on para.10 of the Stipulation and Agreement which states that parties “shall not be bound or prejudiced by this Stipulation and Agreement” in future proceedings, nor shall the settlement rates have any “precedential effect”, one way or the other in any other proceeding.

- I. A Flat Editorial Rate Meets The Needs Of The Vast Majority of Periodicals Which Are High-Editorial Content and Low Volume.

The record of the case confirms that Outside County Periodical Mail is overwhelmingly

composed of low volume, higher editorial content publications.²

Witness Loetscher's analyses³ at TR. 11B/4285 demonstrate that of the 25,872 nonprofit and regular-rate publications counted by the PERMIT system, 12,487, or 48.3% of the total reported an annual advertising percentage of between 1-10%. Moreover, of the total number of periodicals, i.e., both regular-rate and nonprofit categories, 64.2% have less than 30% advertising. Id.

In addition to the high-editorial nature of the typical periodical, it is also very limited in circulation size, with 51.9% of the 8,156 PERMIT-counted nonprofit publications having circulations of less than 1,000 copies per issue. TR11B/4289. Similarly, as many of 54.3% of 16,682 regular-rate periodicals have circulations of fewer than 1,000 copies per issue. Further aggregation of data discloses that 92.2% of regular-rate periodicals have circulations below 25,000 copies per issue, and that 93.6% of nonprofit periodicals likewise have fewer than 25,000 copies per issue. In contrast, there are only 22 nonprofit publications, or .3% of the nonprofit PERMIT total, with circulations of 1 million copies per issue and above; the comparable stratum for regular-rate periodicals contains only 57 publications out of 16,682, or an identical percentage (.3%) of the total as the nonprofit group.

Thus, Outside-County Periodical Mail is predominantly composed of publications of fewer than 25,000 copies per issue, with advertising percentages of less than 10% for nearly half of all periodicals and less than 30% for 64.2% of all periodicals. Rates that take the actual profile of Periodical mailers into account can best alleviate the impact and promote the fairness

²In more normal circumstances, CRPA-NFIP would have presented evidence which would have shown the strong similarity between editorial as well as circulation size stratifications presented by USPS Witness Loetscher and profiles of median and average NFIP-CRPA publications.

³ These are based on Witness Loetscher's use of the USPS PERMIT system which gathers volume, editorial and advertising weight, and zone distribution for "roughly 95% of Periodicals Outside-County mail Trial Balance revenue". TR11B/4284.

of rate changes on these users of the mail, and thus satisfy the relevant requirements of the Postal Reorganization Act. See, 39 U.S.C. 3622 (b)(4) and 39 U.S.C. 3622(b)(1).⁴

II. A Flat Editorial Pound Rate Is A Proven Way “To Promote the Dissemination of Information” and “To Bind The Nation Together”.

In Docket MC95-1, at V-121-2, the Commission’s Recommended Opinion and Decision states: “The justification for these two rate design features [the per-piece editorial discount that applies to periodical rates and the unzoned editorial per-pound rate which is lower than the rates for advertising weight] is rooted in the ECSI⁵ value of the mail involved, and policies favoring the dissemination of second-class [now Periodical] material to bind the nation together.” This recognition by the Commission of the central role editorial content plays in the existence of a class of mail for periodicals is longstanding, and is preceded by Congressional preference for lower rates and rate designs like the flat editorial rate for second-class mail. Periodical editorial rates based on weight have never differed depending upon where a publication is entered in the mail and where it ultimately would be delivered. TR7/1201.

The Commission’s R90-1 rate decision confirms that the editorial flat rate, as part of a multi-layered second-class rate design, balances the costs and economic values of a mail class with the nation’s and the Postal Service’s social and political objectives. See, pp.V-122.⁶ The Commission understood that the unzoned rate for editorial content encourages the

⁴Subsection (b)(4), *inter alia*, directs the Commission to consider the “effect of rate increases upon the general public [and] business mail users” and subsection (1) directs the Commission to consider “the establishment and maintenance of a fair and equitable schedule”.

⁵“ECSI”, an acronym for the “educational, cultural, scientific and informational” value of the mail to the recipient. The Commission and the Postal Service are required to evaluate the ECSI impact of rate proposals. 39 USC 3622 (b)(8).

⁶The Commission looked to section 101(a) of the Postal Reorganization Act, i.e., the basic function of the Postal Service “to bind the Nation together through the...literary ...correspondence of the people.” *Id.*, at V-121. The Commission also relied on section 3622(b)(8) of the Act, to require “special treatment” of editorial content. *Id.*

“widespread dissemination of editorial matter throughout this Nation”. Id., at V-122. “The editorial content of publications and the willingness of readers to request or pay to receive that content is what separates second-class mail from all other matter carried by the United States Postal Service.” Id., at V-121.

In this case, the proposed settlement periodical rates continue a justified legal tradition and sound administrative judgment. For example, NFIP-CRPA’s oral cross-examination asked Witness Taufique to consider the settlement rates for Periodical Class mail in light of applicable policy and legal mandates:

Q. You ... talk about a delicate balance between economic efficiency and public policy. Would you also agree that rates as contained in the proposed stipulation and agreement for publication mail, periodical mail, will likewise maintain a balance between economic efficiency and public policy?

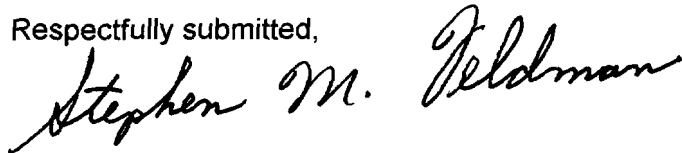
A Once again, I’m familiar with the rates that are in the proposed stipulation and agreement, and it appears that those rates would provide the balance between public policy and economic efficiency.”

TR. 7/1324.

CONCLUSION

The terms of the proposed Stipulation and Agreement are supported by substantial evidence and by relevant law, and should therefore be recommended by the Commission for implementation by the Governors of the Postal Service.

Respectfully submitted,



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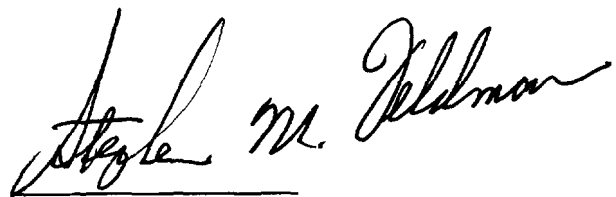
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

March 4, 2002


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